



**Bart Russell
Connecticut Council of Small Towns (COST)
Testimony
Before the
Planning & Development Committee
February 18, 2009**

**RE: *SUPPORT* - HB-5560, AN ACT CONCERNING THE MUNICIPAL SHARE
OF THE REAL ESTATE CONVEYANCE TAX**

The Connecticut Council of Small Towns (COST) urges lawmakers to support HB-5560, which would make permanent the increase in the municipal share of the conveyance tax.

Connecticut's towns and cities could lose more than \$40 million if the General Assembly fails to extend the tax in 2010. Given the volatility of today's economy, which affects state and municipal revenues and aid, making permanent the increase in the municipal conveyance tax would provide towns and cities with some assurance that they will be able to continue to rely on this revenue stream from year to year, rather than fight every one to two years for its extension.

Failure to make the municipal share of the conveyance tax permanent would prove devastating to towns, which are struggling to meet their obligation to provide critical services to their residents and local businesses, including education, public safety, human services, public works and economic development. Although state aid to municipalities has not been restored to pre-2003 levels, Connecticut's towns and cities have been faced with providing a greater level of services to meet state and federal mandates. This has placed a difficult burden on residents and businesses because towns are forced to rely to a greater extent on property taxes.

Clearly, the municipal conveyance tax is a significant revenue source for cities and towns across the state. The state already collects and has collected for many years, one-half of one percent (0.50%) on most real estate transactions. Even though the transaction is strictly a municipal transaction, the towns and cities were only getting 0.11% and recently 0.25%. This increase, which is still only half of what the State of Connecticut receives, has been absolutely critical to our towns' budgets.

COST therefore urges lawmakers to support making the real estate conveyance tax permanent.



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**RE: Proposed H.B. No. 5536 AN ACT CONCERNING INTEREST
ON CHARGES FOR SEWER SYSTEM EXPANSION.**

The Connecticut Council of Small Towns (COST) *supports* HB-5536, which provides parity in how towns can help fund sewer expansions by allowing interest to be charged when sewer systems are financed with general revenue funds, which is the already the case when sewer system expansions are paid for with bonds.

Keeping municipal sewer projects on track and helping towns fulfill their obligation to improve sewer systems is an important public policy goal. We urge your support for this bill.

Thank you for the opportunity to testify. Please contact me at 860-676-0770 if you have any questions.